

PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Robert M. and Bonnie J. Anderson
DOCKET NO.: 05-00431.001-R-1
PARCEL NO.: 13-32-433-001

The parties of record before the Property Tax Appeal Board are Robert M. and Bonnie J. Anderson, the appellants, and the Knox County Board of Review.

The subject property has been improved with a one-story frame single-family dwelling of 1,064 square feet of living area built in 1956. The property features a full, unfinished basement, central air conditioning, a detached two-car garage, and a covered patio. The property is located in Abingdon, Cedar Township, Illinois.

The appellants appeared before the Property Tax Appeal Board contending the subject's market value was not accurately reflected in its assessed valuation. In support of that contention, the appellants filed an appraisal report with the Property Tax Appeal Board which utilized the three traditional approaches to value in order to estimate a market value as of January 1, 2005 of \$48,000 for the subject property. In addition, Roger W. Hagerty, a certified general real estate appraiser in the State of Illinois with a commercial real estate designation (CCRA), who signed the report as supervisory appraiser and has about 20 years of appraisal experience, appeared at the hearing and was subject to cross-examination questions as to how the report was prepared by Lori Dagen, an associate real estate appraiser, and methodology used in making adjustments.

Under the cost approach, Hagerty noted the subject's land value was estimated at \$5,730. The subject's improved parcel contained 10,395 square feet of land area. Using the Marshall Swift Cost Handbook, Knox County assessor data and familiarity with the local market, the appraiser determined a reproduction cost new for the subject dwelling of \$67,894, for the covered patio and
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Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Knox County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	\$	1,880
IMPR.:	\$	14,152
TOTAL:	\$	16,032

Subject only to the State multiplier as applicable.

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concrete approach of \$3,220, and for the garage of \$10,982. Physical depreciation was calculated resulting in a depreciated value of improvements of \$46,795. Physical depreciation was attributed to normal wear and tear and the age of the property. A total value for site improvements of \$1,000 was provided. The appraiser added the land value to the depreciated improvement value resulting in a total value by the cost approach of \$53,525.

Under the market approach, the appraiser used sales of four comparable homes located between 0.13 and 0.24 miles from the subject; a map depicting the location of the comparables in relation to the subject was included in the report. The comparables consist of one-story, frame exterior constructed dwellings which ranged in age from 33 to 48 years old. All of the comparables had full basements, one of which was partially finished. The comparables ranged in size from 984 to 1,056 square feet of living area and featured one-car garages, three of which were attached. Three of the comparables featured central air conditioning. Two properties included decks and/or patios. One property also featured a shed and a fence. These comparables sold between May 2004 and December 2005 for prices ranging from \$40,500 to \$52,000 or from \$39.94 to \$50.00 per square foot of living area including land. In comparing the comparable properties to the subject, the appraiser made no adjustment for age, but did make adjustments for living area square footage, basement finish, vinyl siding, garage bays, and additional improvements such as a shed and fence. Upon questioning by the Hearing Officer, the appraiser acknowledged an error in the garage adjustment for comparable number four which should be increased by \$1,000, but he testified that this adjustment would not alter the final value estimate of the subject property. This analysis resulted in adjusted sales prices for the comparables ranging from \$44,500 to \$48,480 or from \$43.89 to \$46.62 per square foot of living area including land. From this process, the appraiser estimated a value for the subject by the market approach of \$48,000 or \$45.11 per square foot of living area including land.

Since the subject property is a rental home, the appraiser testified that an income approach was also utilized. The appraiser utilized an estimated market rent of \$500 per month and a gross rent multiplier derived from the market which ranges from 65 to 85 of 80 to arrive at an estimated market value of the subject property utilizing the income approach of \$40,000. In his final reconciliation comments, the appraiser noted the sales comparison approach best represented the subject property as adjusted.

At the request of the appellants, Hagerty also viewed the comparables suggested by the board of review. Hagerty testified that while board of review comparable number one was located next

to the subject property, there are significant differences between the subject and this comparable. Among those differences, the appraiser noted the board's comparable was owner-occupied, had vinyl siding, "good" windows, a quality entrance door and storm door, an asphalt driveway, and an attached garage. The appraiser noted in contrast, the subject rental property had unattractive wood siding, some newer windows, a gravel driveway, and an ugly deformed city guard rail with a swale at the front of the property which is located on a curve joining two streets. The appraiser also noted that the 2004 assessment on board of review comparable number one was \$18,740 for an estimated fair market value of approximately \$56,220, however, this property sold in May 2004 for \$72,500.

Appellant Robert Anderson further testified to his belief that the board of review's suggested comparable properties were located on nicer residential streets that included sidewalks, curbs and gutters and were owner-occupied dwellings meaning that they had greater sales appeal than the subject rental property. He acknowledged, however, that the board of review's comparables were located in the same general vicinity of the subject.

From a historical perspective, appellant Bonnie Anderson testified that the subject property was purchased on a sheriff's sale for \$29,000 at which time it was assessed for approximately \$33,330; because of the condition of the premises, the assessors were requested to tour the property and the assessing officials noted the property as uninhabitable thus reducing the estimated fair market value to \$30,000 at that time. Finally, she testified that the appellants sold the property in April 2006 for \$48,000 to the then tenants who were looking to buy a residence; she further testified that after examining other properties, the tenants purchased the subject property.

On the basis of this evidence and these comparisons, the appellants felt that the fair market value of the subject as of the assessment date was \$48,000 and that the assessment should be reduced to \$16,000 to accurately reflect the property's fair market value.

The board of review previously filed its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$20,260 was disclosed. The final assessment of the subject property reflects a market value of \$60,658 using the 2005 three-year median level of assessments for Knox County of 33.40% as established by the Illinois Department of Revenue.

In support of the current assessment, the board of review submitted a grid analysis of five sales it considered comparable to the subject. The comparables suggested by the board of review consist of one-story frame constructed dwellings built between

1926 and 1968. They range in size from 1,136 to 1,454 square feet of living area. Each property features a basement, four of which are full basements and one of which is a partial basement. Two of the basements include partially finished areas. The records of the board of review failed to note central air conditioning for the subject property; three of the suggested comparables have central air conditioning. One comparable has a fireplace. Each of the comparables includes a garage which ranges in size from 288 to 520 square feet of building area; the subject is said to have a garage of 624 square feet of building area. Other improvements on the comparables noted by the board of review were porches, decks, patios, a shed, a basketball court, and an addition; the subject's other improvements were a canopy and "concrete drive." These comparables sold from March 2004 to November 2004 for sales prices ranging from \$52,900 to \$72,500 or from \$36.38 to \$65.59 per square foot of living area including land.

In testimony, board of review chairman Mike Gehring noted that these same five sales comparables were presented by the assessor to the board of review in the appellants' 2005 appeal before the Knox County Board of Review. At that time, the subject property was assessed for \$22,130 and based on the assessor's own grid, the assessor requested a reduction in assessed value to \$20,260 which the board of review granted. Gehring testified that the board of review eliminated comparable number four from consideration due to its age of 1926 and its size of 1,454 square feet of living area. After examining the remaining comparables, Gehring testified that the board of review found comparable number five to be most comparable to the subject and contends that the subject was placed on the same estimated fair market value per square foot of living area by the board of review as comparable number five, namely, \$57.12 per square foot of living area including land. When the Hearing Officer questioned the board's calculation of market value on its comparable number five based on the stated square foot living area in its grid analysis, Gehring testified that the board considered all four remaining comparables in arriving at its determination of assessed value of the subject property.

On the basis of these comparisons, the board of review requested confirmation of the assessment setting forth an estimated fair market value of \$60,658 or \$57.01 per square foot of living area including land.

As part of their filings before the Board, the appellants submitted a one-page rebuttal outlining the differences they contend exist between the subject property and the five comparables set forth in the board of review's grid analysis including curb appeal, size and amenities.

After considering the testimony and reviewing the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal.

The appellants argued that the subject's assessment was not reflective of market value. When market value is the basis of the appeal, the value of the property must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill. App. 3d 179, 728 N.E.2d 1256 (2nd Dist. 2000); National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill. App. 3d 1038 (3rd Dist. 2002). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. *Official Rules of the Property Tax Appeal Board*, 86 Ill. Admin. Code Sec. 1910.65(c). The Board finds this burden of proof has been met and a reduction in the subject's assessment is warranted.

The Board finds the appellants submitted an appraisal of the subject property with a final value conclusion of \$48,000, while the board of review submitted comparable sales data in support of the subject's assessment. Initially, the board of review relied primarily upon its comparable number five which, when the addition was considered, consisted of 1,208 square feet of living area; in its grid analysis, however, the board presented that property as having 1,052 square feet of living area. Beyond the mere confusion in data presented, the board of review was unable to adequately explain its determination of assessed value based on the comparable properties presented and was unable to justify its final determination based on the evidence presented. On the other hand, the Property Tax Appeal Board finds that appellants' appraiser was present at the hearing and answered questions raised by both the Hearing Officer and the board of review representative about the appraisal report. The Property Tax Appeal Board further finds that, despite any questions raised, the appraisal submitted by the appellants estimating the subject's market value of \$48,000 is the best evidence of the subject's market value in the record.

Moreover, a contemporaneous sale of property between parties dealing at arm's-length is also a relevant factor in determining the correctness of an assessment and may be practically conclusive on the issue of whether an assessment is reflective of market value. Rosewell v. 2626 Lakeview Limited Partnership, 120 Ill. App. 3d 369 (1st Dist. 1983); People ex rel. Munson v. Morningside Heights, Inc., 45 Ill. 2d 338 (1970); People ex rel. Korzen v. Belt Railway Co. of Chicago, 37 Ill. 2d 158 (1967); and People ex rel. Rhodes v. Turk, 391 Ill. 424 (1945). The undisputed evidence in the record is that the appellants sold the subject property for \$48,000 in April 2006. The only question

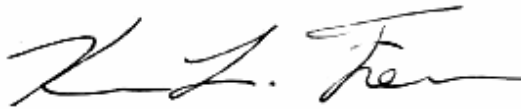
raised by the board of review as to the arm's length nature of the transaction was the fact that the property was not advertised for sale, but was simply sold to the existing tenants. Based on this record that the tenants purchased the subject property for \$48,000 after considering other properties in the area, the Property Tax Appeal Board finds that the subsequent sale of the property for \$48,000 further confirms the market value of the subject as of January 1, 2005.

Based upon the market value as stated above, the Property Tax Appeal Board finds that a reduction is warranted. Since market value has been established, the three-year median level of assessment for Knox County for 2005 of 33.40% shall be applied.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member



Member



Member

DISSENTING: _____

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: January 25, 2008



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing

complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.